

**INCOME TAX APPELLATE TRIBUNAL  
AGRA BENCH "DB": AGRA  
SHRI MAHAVIR SINGH, HON'BLE VICE PRESIDENT  
AND  
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

**ITA No. 39/AGR/2026  
(Assessment Year: 2018-19)**

Vimal Kumar, Ramnagar, Halpur, Agra, UP	Vs.	Income Tax Officer, Ward-4(2)(2), Agra
(Appellant)		(Respondent)
<b>PAN:</b>		

Assessee by :	Shri Harsh Agarwal, CA
Revenue by:	Shri Anil Kumar, Sr. DR
Date of Hearing	17/03/2026
Date of pronouncement	17/03/2026

**ORDER**

**PER M. BALAGANESH, A. M.:**

1. The appeals in ITA No. 39/AGR/2026 for AY 2018-19, arises out of the order of the Id National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. CIT(A)', in short] dated 12.11.2025 against the order of assessment passed u/s 147 r.w.s. 144 of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 28.03.2023 by National E-Assessment Centre (hereinafter referred to as 'Id. AO').
2. The Ground No.2 raised by the assessee was stated to be not pressed by the Learned AR at the time of hearing. The same is reckoned as a statement made from the Bar and accordingly the Ground No. 2 is hereby dismissed as not pressed.
3. The Ground Nos. 1 & 12 raised by the assessee are general in nature and does not require any specific adjudication.

4. The Ground Nos. 3 to 11 raised by the assessee are challenging the confirmation of disallowance of purchases in the sum of Rs 77,79,000.

5. We have heard the rival submissions and perused the materials available on record. The assessee is an individual engaged in the business of commission agency (Kaccha Arahtiya) dealing in food grains, paddy, vegetables and oil seeds and carrying on business in a proprietorship firm under the name and style Mrs. Vimal Kumar Yadav Trading Company at Naveen Mandi Sthal, Mainpuri. The assessee earns commission income of about 2% on turnover from facilitating purchases of agricultural produce from between farmers and traders. The assessee filed his income tax return for assessment year 2018-19 on 22-4-2022 declaring total income of Rs. 1,60,030 in response to notice under section 148 of the Act dated 31-3-2022. Regarding the credit entries in the bank account, the assessee submitted that the source of credit in the bank is received from the purchaser which is the value of sales commodities and the withdrawals were made to give to the farmers who sell their goods at his doorsteps. The assessee further contended that there is no personal purpose involved in these transactions. To verify the claim of the assessee, vide notice under section 142(1) of the Act, the assessee was requested to furnish bills of purchase, sales made and its contra confirmation from the respective parties, copy of freight receipts, copies of bank statements for financial year 2017-18. However, the assessee did not furnish any bills such as purchase bills, sale bills, commodities name, rate and weight etc, list of farmers from whom purchased etc. Final show-cause notice dated 17-02-2023 was issued to the assessee, wherein an addition of Rs. 1,05,30800 was proposed. In response to the show-cause notice, the assessee filed his reply on 24-02-2023. The assessee claimed that withdrawals were made from the bank account for payment to the farmers agricultural products were purchased and payments have been made for such purchases. The

assessee has received amounts of Rs. 1,05,30,800 on sale of agricultural products through RTGS. The Learned AO noted that the assessee had not produced any confirmation from the buyers. The Learned AO noted that the amounts credited in the account of the assessee are equivalent to the amounts withdrawn in cash or bearer cheques immediately on receipt of credit. The Learned AO noted that cash withdrawals amounting to Rs. 1,05,30,800 remain unexplained and since the assessee has not explained the expenditure of withdrawn amounts and the source of such credits, the same remains unexplained within the meaning of Section 69C of the Act. Accordingly, additional show-cause notice dated 1-3-2023 was issued to the assessee requesting to show-cause as to why the amount of Rs. 1,05,30,800 shown as total cash withdrawals should not be treated as unexplained expenditure under Section 69C of the Act.

6. The assessee furnished a detailed explanation in response to the 2nd show cause notice of the Learned AO. The Learned AO noted that assessee furnished the list of farmers from whom the assessee has made purchases and payments have been made to the respective farmers after withdrawal from bank account in cash or through bearer cheques. The list of farmers provided by the assessee have been perused in context with the details of payments made by the assessee through bearer cheques from his bank statement. Three farmers were sought to be examined vide issuance of notice under section 133(6) of the Act by the Learned AO. From the replies furnished by the farmers, the Learned AO tabulated as under:-

Sl No.	Name of Farmers in the list provided by the assessee as well as same name available in withdrawal list through bearers cheque	Gross value of purchased and amount paid to the farmer as declared by the assessee in list provided	Gross payments made through bearers cheque to the farmer as per Bank statement	Difference in amounts actually paid to the farmers through bearers cheque and declared by the assessee in list
01	Suryaveer Singh	Rs.2,67,960/-	Rs.66,80,000/-	Rs.64,12,040/-
02	Himanshu Mishra	Rs.4,08,900/-	Rs.10,56,000/-	Rs.6,47,100/-
03	Subodh Kumar	Rs.2,70,000/-0	Rs.9,90,000/-	Rs.7,20,000/-
Total		Rs.9,46,860./-	Rs.88,26,000/-	Rs.77,79,140/-

7. The Learned AO noted that assessee furnished the list of 38 farmers to whom assessee had made payments for purchases made from them. The Learned AO not satisfied with the contentions of the assessee proceeded to treat the difference in amounts actually paid to the farmers through bearer cheques from the above table and made an addition of Rs 77,79,000 on account of disallowance of purchases thereon and completed the assessment. This action of the Learned AO was upheld by the Learned CITA.

8. We find that the assessee had furnished the following documents before the Learned AO:-

- a) bill of supply issued to buyers
- b) bill wise details of supply
- c) copy of bank statement showing receipt of payment against supply
- d) copies of Form 6R issued by Mandi Samiti
- e) list containing details of farmers from whom purchases made
- f) Mandi related records

9. We find that the assessee furnished the following documents before the Learned CITA:-

- a) Mandi Samiti license
- b) certificate from Mandi samiti
- c) bill wise detail of supply
- d) copies of Form 6R issued by Mandi samiti
- e) list containing details of farmers from whom purchases made
- f) affidavits of farmers confirming receipt of payments.

10. The assessee is merely acting as a middleman between farmers and buyers. The farmers sell their agricultural produce to the assessee which on the same day is sold to mills. Therefore, Form 6R contains the details of farmers, seller and buyer mills. The assessee further issues a bill of supply to buyers adding his commission and any other charges incurred (Mandi shulk, cess etc). The buyers make the payment through banking channels. To pay the farmers, the assessee through his munim (Mr. Suryaveer) and workers (Mr. Himanshu Mishra and Subodh Kumar) withdraws cash from the bank account. The above mentioned persons also have some farming of their own against which they also received the payment in cash. The assessee during the appeal proceedings furnished affidavits of farmers confirming receipt of payments along with all the documents produced earlier before the Learned AO. The same were rejected as an afterthought and addition was sustained. The Form 6R issued by Mandi Samiti is an official statutory document containing the name of farmer, quantity and value of produce, details of buyer mill. The figures recorded in Form 6R correspond with the list of farmers furnished by the assessee. Thus, the transactions are independently verifiable from statutory Mandi records. The assessee had also furnished affidavits from the farmers. All the deponents had confirmed on oath that agricultural produce was sold to the assessee and payment was received from the assessee in cash. These affidavits without even put to test has been rejected merely on suspicion. It is trite law that once an affidavit is filed, such affidavits are to be tested in the manner known to law. The contents of the affidavit are to be construed as true and correct if the same is not put to test by the revenue. Reliance in this regard is placed on the celebrated decision of Hon'ble Supreme Court in the case of Mehta Parikh and Co, reported in 30 ITR 181 (SC). We are convinced from the modus operandi adopted by the assessee in his business and based on the aforesaid documents filed on record that assessee is entitled only for commission income of 2% on turnover. Further, by treating

the withdrawals made by the assessee from the bank account for making payment to the farmers as income of the assessee, the authorities below had effectively attributed a profit rate of about 78.70 percent which is commercially impossible and no business dealing in agricultural produce can earn such abnormal profit. The computation made by the lower authorities results in gross absurdity and deserves to be rejected on that count itself. We once again reiterate that assessee is only a Kachcha Arahtiya commission agent and would be entitled only for commission income at the rate of 2% of the turnover. Hence, the returned income is to be accepted and the disallowance made in the sum of Rs 77,79,000 is hereby directed to be deleted as the farmers to whom payments for purchases have been made had duly confirmed the fact of receiving cash from the assessee for purchases in the form of an affidavit. Accordingly, the Ground Nos. 3 to 11 raised by the assessee are hereby allowed.

11. In the result, the appeal of the assessee is partly allowed.

Order pronounced in the open court on 17/03/2026.

-Sd/-  
**(MAHAVIR SINGH)**  
**VICE PRESIDENT**

-Sd/-  
**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated:02/04/2026  
A K Keot

Copy forwarded to

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi